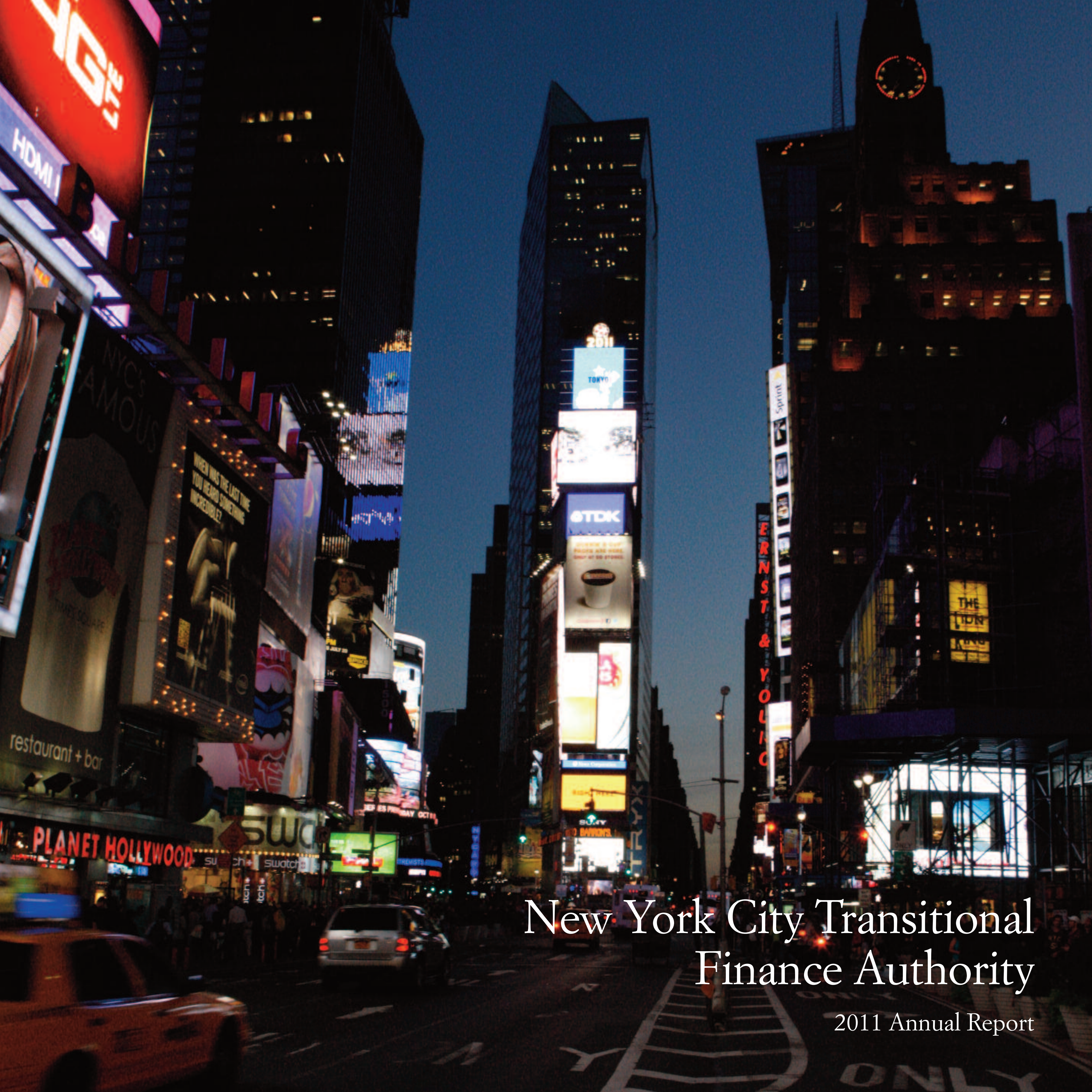


New York City Transitional Finance Authority

2011 Annual Report

TABLE OF CONTENTS

I am pleased to present the Fiscal Year 2011 annual report of the New York City Transitional Finance Authority (the "TFA"). This report contains complete audited financial information for this fiscal year, which began on July 1, 2010.

The TFA is a public benefit corporation whose primary purpose is to finance a portion of New York City's capital improvement plan. The New York State Legislature approved the law authorizing the creation of the NYC Transitional Finance Authority on March 5, 1997 (Chapter 16 of the Laws of 1997, the "Act"). The Act included governance by a Board of five directors consisting of the following officials of the City: the Director of Management & Budget (who also serves as Chairperson), the Commissioner of Finance, the Commissioner of Design & Construction, the Comptroller, and the Speaker of the City Council.

The Act has been amended several times to increase the amount of debt the TFA is authorized to issue. Most recently, the Act was amended last year which permitted the TFA to have outstanding $13.5 billion of Future Tax Secured Bonds. In addition, the TFA may now issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City of New York, does not exceed the debt limit of the City of New York. As of July 1, 2011, the City's debt-incurring margin within the debt limit of the City was $24.06 billion.

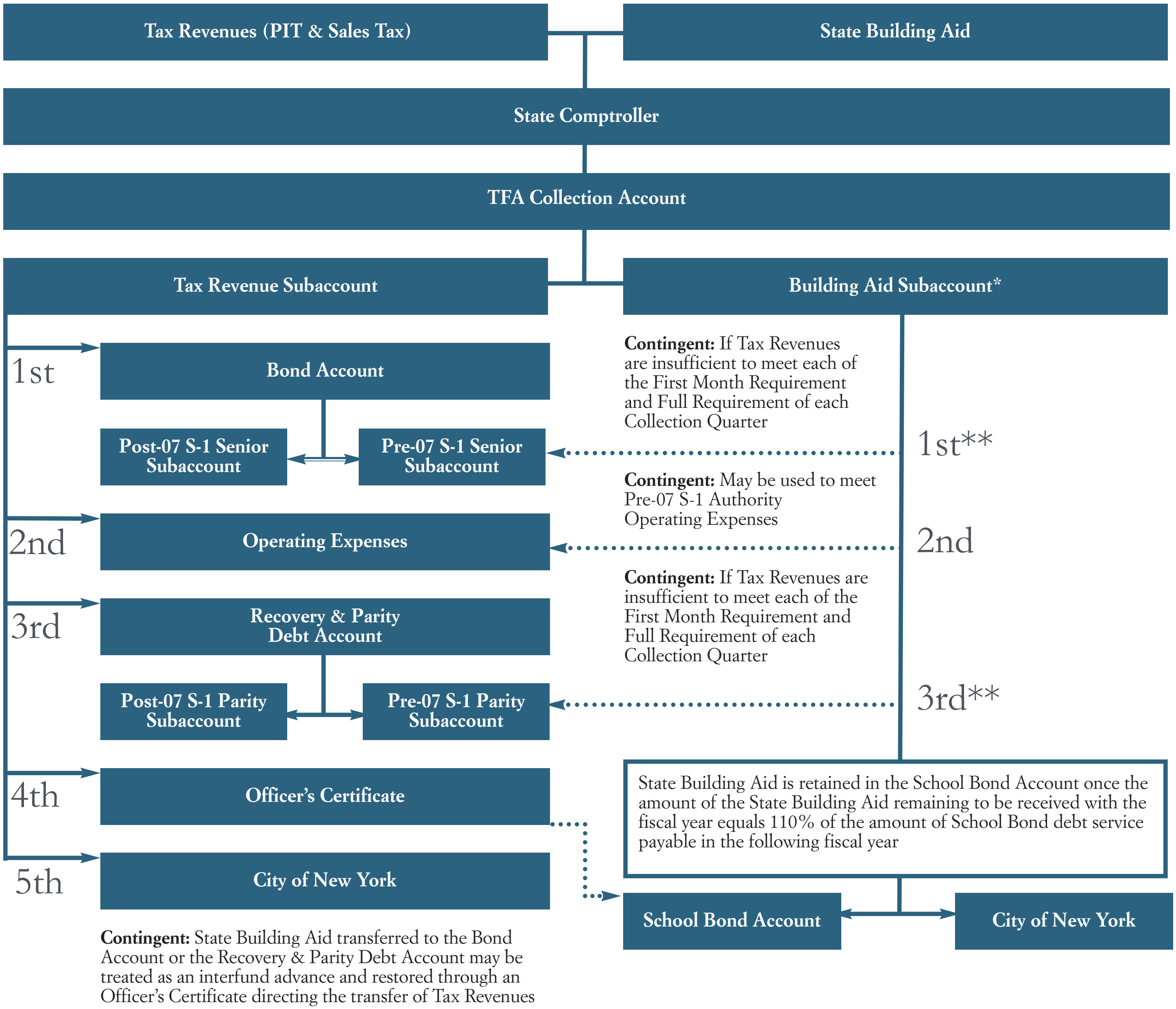
Legislation enacted in April 2006 enables the Authority to have outstanding up to $9.4 billion of bonds, notes or other obligations for purposes of funding costs of the five-year educational facilities capital plan for the City school system, which are to be paid for from New York State Building Aid to be received by the Authority subject to annual appropriation by the New York State Legislature.

Respectfully submitted,

Mark Page
Chairman


RADIO CITY

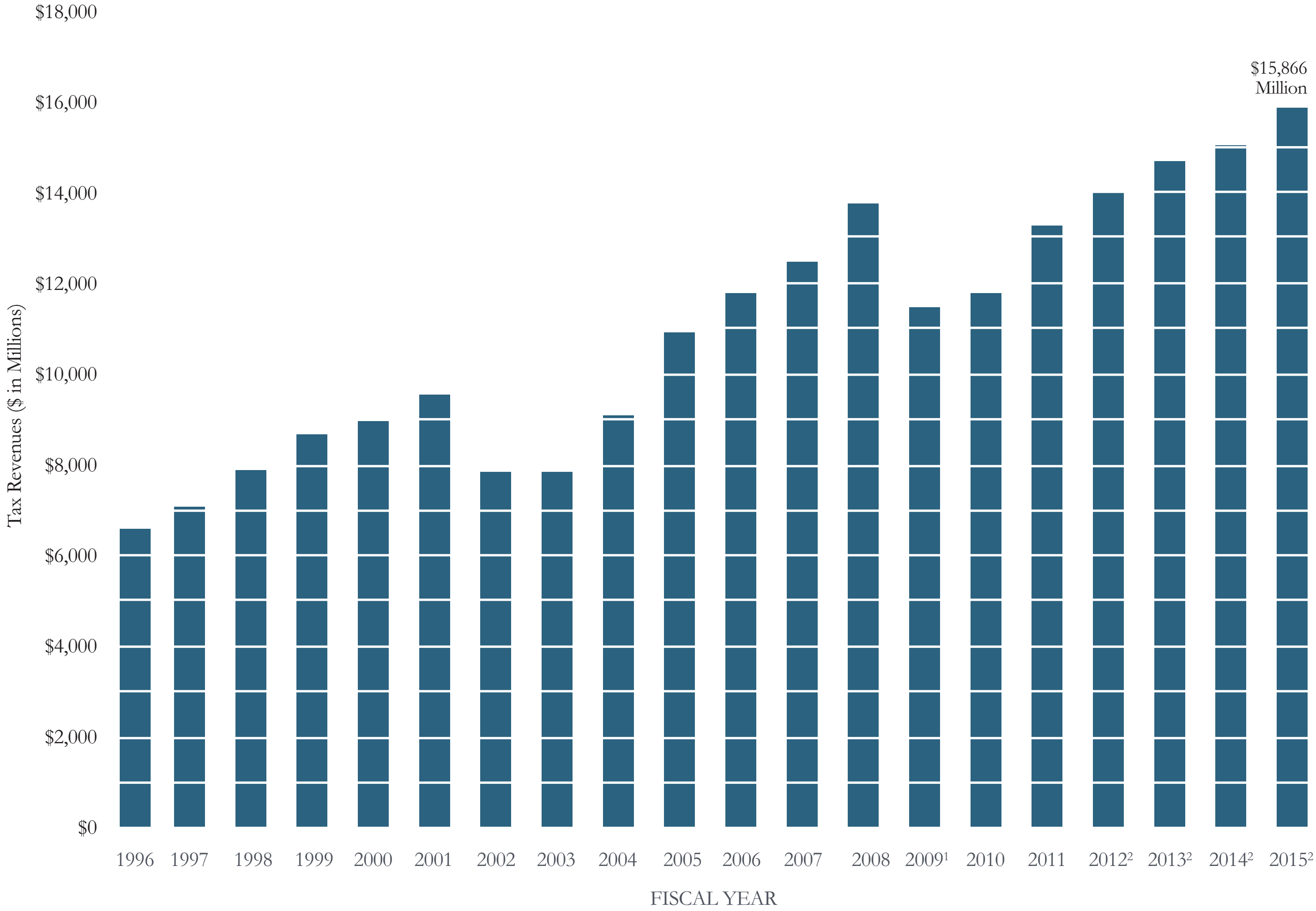
SUMMARY OF COLLECTION AND APPLICATION OF REVENUES



* State Building Aid is initially available to pay debt service coming due and payable but not already provided for with respect to Senior Bonds and Parity Debt, issued prior to the Fiscal 2007 Series S-1 Building Aid Revenue Bonds.

** Within the respective retention period, once each of the First-Month and Full Requirement is satisfied, State Building Aid flows to either the School Bond Account or the City of New York.

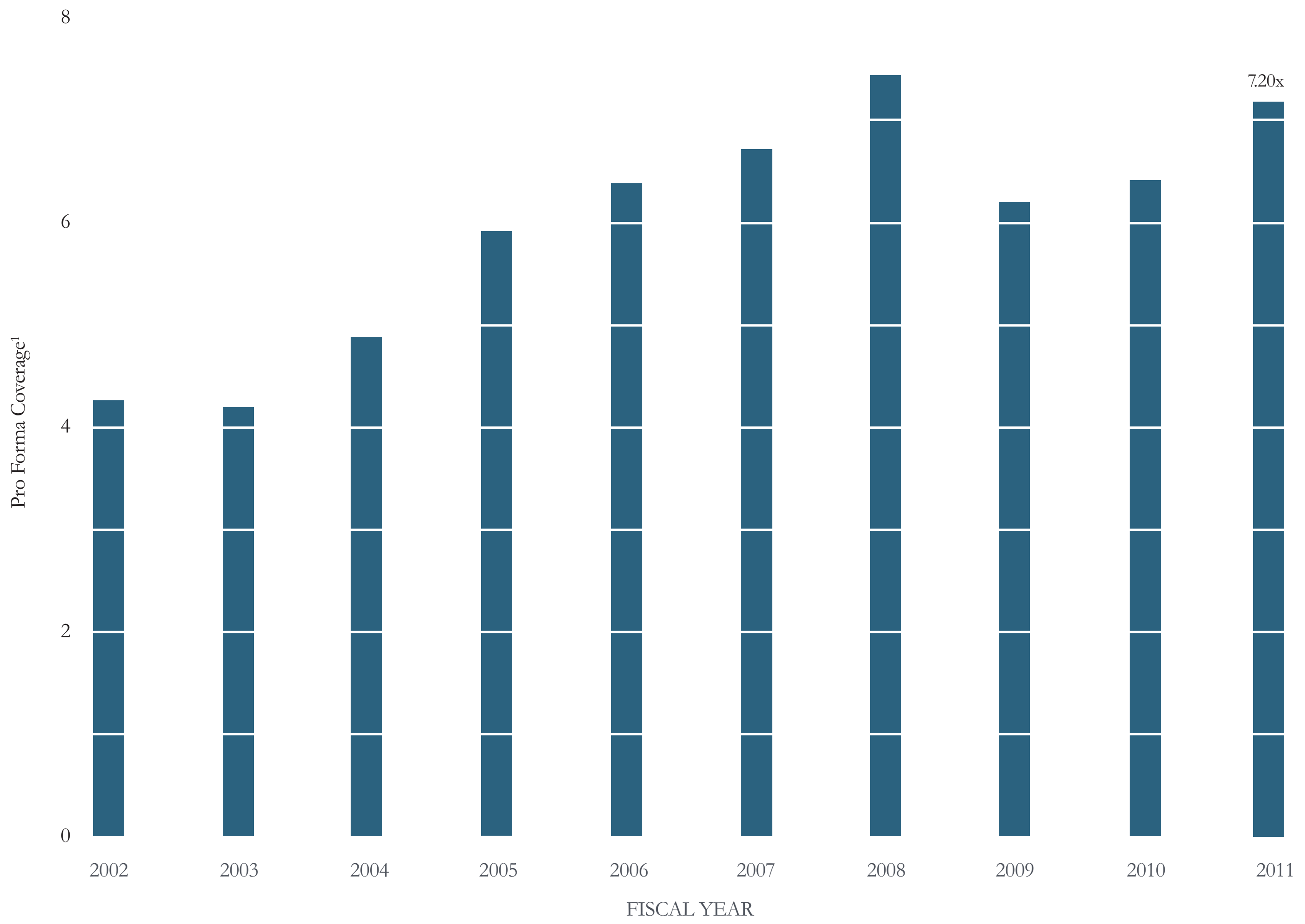
HISTORICAL AND FORECASTED AMOUNTS OF TAX REVENUES



Source: NYC OMB. All figures shown herein are calculated on a cash basis. Figures after fiscal year 2004 do not reflect deductions for State Oversight Retention Requirements.

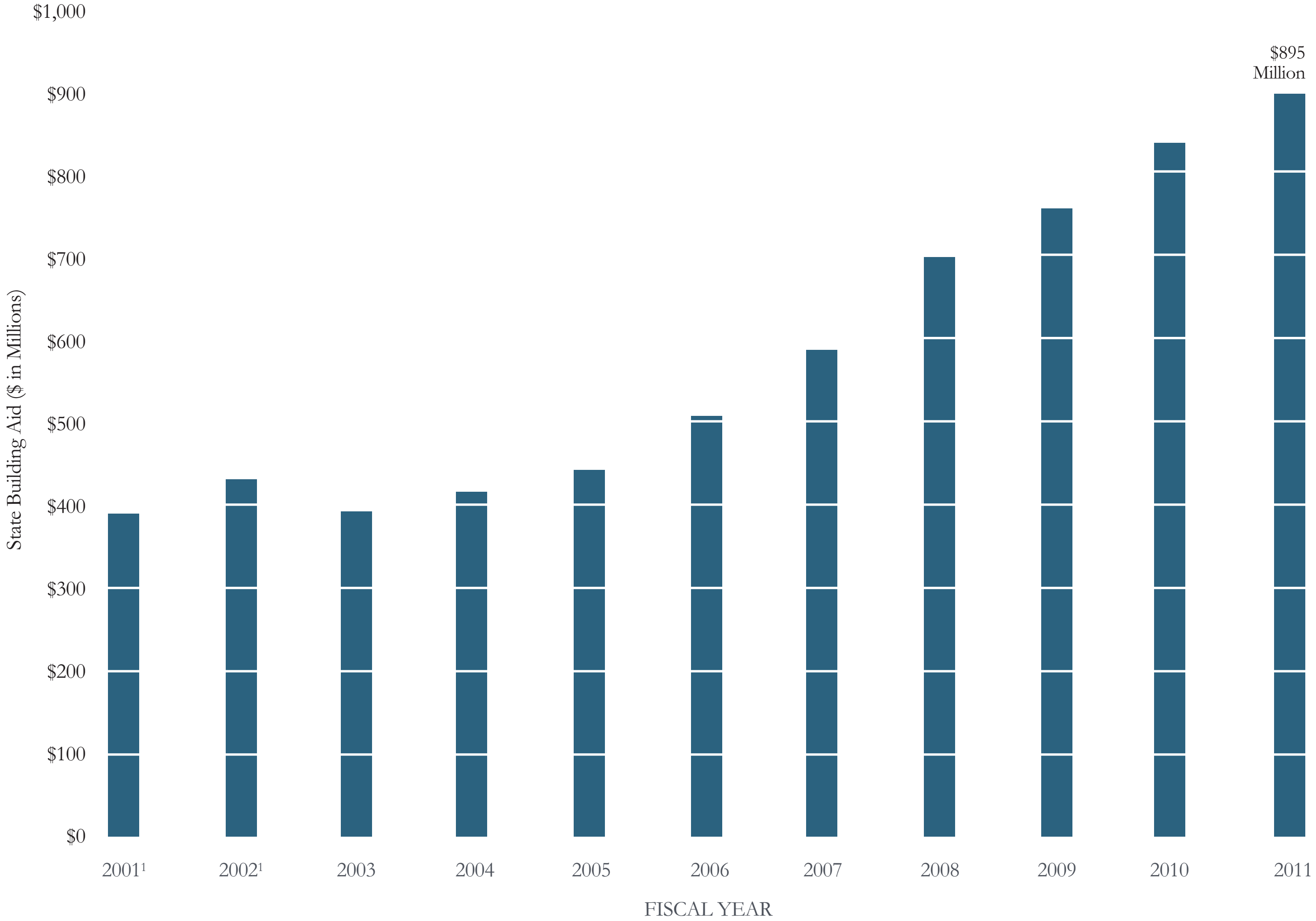
1. The decrease in Tax Revenues from fiscal year 2008 to fiscal year 2009 is attributable, in part, to an adjustment in fiscal year 2009 by the State for overpayments of Personal Income Tax Revenues in fiscal years 2002 through 2009 in the amount of $597.3 million and, in part, to the economic recession.
2. Forecast

DEBT SERVICE COVERAGE FOR OUTSTANDING FUTURE TAX SECURED BONDS BY HISTORICAL TAX REVENUES



1. Calculated based on maximum annual debt service of $1,834,857,281 on Outstanding Future Tax Secured Bonds including Senior Bonds and Parity Debt (assuming that floating rate bonds bear interest at their maximum rate).

HISTORIC STATE BUILDING AID



1. The increase in State Building Aid in fiscal years 2001 and 2002 is largely attributable to the City's use of pay-as-you-go capital in fiscal years 2000 through 2002, the full amount of which was aided in fiscal years 2001 and 2002. Subsequently, the Education Law was changed to provide that projects paid for with pay-as-you-go capital would be aided over a 30-year period rather than in one fiscal year.

New York City Transitional Finance Authority

Financial Section: June 30, 2011


tkts
ice of Theatre Development Fund

Marks Paneth & Shron LLP
Certified Public Accountants & Consultants
IT ALL ADDS UP.

TO THE BOARD OF DIRECTORS OF THE NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY

We have audited the accompanying financial statements of the governmental activities of the New York City Transitional Finance Authority (the "Authority"), a component unit of The City of New York, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Authority as of June 30, 2011 and 2010 and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Authority has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* in fiscal year 2011.

The accompanying management's discussion and analysis on pages 12-19 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Marks Paneth & Shron LLP

New York, New York
September 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the New York City Transitional Finance Authority (the "Authority") as of June 30, 2011 and 2010 and for the years then ended. It should be read in conjunction with the Authority's government-wide financial statements, governmental funds financial statements and the notes to the financial statements. The annual financial statements consist of three parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; and (3) the governmental funds financial statements.

The government-wide financial statements of the Authority, which include the statements of net assets (deficits) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of the Authority's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority's governmental funds financial statements (general, capital and debt service funds) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available if received within two months after the fiscal year end. Expenditures are recognized when the related liability is incurred, except for principal and interest on bonds payable and liabilities on arbitrage rebate payable, which is recognized when due.

The reconciliations of the governmental funds balance sheets to the statements of net assets (deficit) and reconciliations of the governmental funds statements of revenues, expenditures and changes in fund balances to the statements of activities are presented to assist the reader in understanding the differences between government-wide and governmental funds financial statements.

FUTURE TAX SECURED BONDS

The Authority's authorizing legislation limited the amount of Authority bonds and notes issued for The City of New York's (the "City's") general capital purposes ("Future Tax Secured Bonds" or "FTS Bonds") to $13.5 billion, (excluding Recovery Bonds, discussed below) as of June 30, 2009. On July 11, 2009 authorizing legislation was enacted under Chapter 182 of the Laws of New York, 2009, which permits the Authority to have outstanding $13.5 billion of FTS Bonds, (excluding Recovery Bonds). In addition, Chapter 182 permits the Authority to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by The City, does not exceed the debt limit of The City. As of July 1, 2011, The City's and the Authority's combined debt-incurring capacity was approximately $24.06 billion. In fiscal years 2011 and 2010, the Authority issued $4.25 billion and $5.35 billion, respectively of FTS Bonds. The Authority had Future Tax Secured Senior Bonds outstanding of $5.22 billion and $6.59 billion and Subordinate bonds (excluding Recovery Bonds) of $12.41 billion and $7.82 billion as of June 30, 2011 and 2010, respectively.

The Authority is also authorized to have outstanding $2.5 billion of bonds and notes to pay costs related to or arising from the World Trade Center attack on September 11, 2001 ("Recovery Bonds"). The Authority had Recovery Bonds outstanding as of June 30, 2011 and 2010 of $1.47 billion and $1.47 billion, respectively.

Of the $4.25 billion and $5.35 billion FTS Bonds issued in fiscal years 2011 and 2010, $1.31 billion and $1.73 billion, respectively were Build America Bonds ("BABs") and $147.0 million and $250.0 million, respectively were Qualified School Construction Bonds ("QSCBs"). The BABs and the QSCBs were created under the American Recovery and Reinvestment Act of 2009 ("ARRA" or "Stimulus Act"). The BABs and QSCBs are taxable bonds for which the Authority receives a cash subsidy payment from the United States Treasury. In fiscal years 2011 and 2010, the Authority earned subsidy payments of $51.84 million and $13.88 million on its BABs and $19.61 million and $1.0 million on its QSCBs. The proceeds of the BABs are used to finance The City's capital expenditures and the QSCBs proceeds are used to finance The City's educational facilities.

FUTURE TAX SECURED BONDS (continued)

The following summarizes the debt service activity for FTS Bonds in fiscal year 2011:

(in thousands)	Outstanding Principal Balance at June 30, 2010	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2011	Total Interest Payments FY 11
Senior FTS Bonds	$ 6,589,865	$ (482,490)	$ (261,255)	$ (629,945)	$ 5,216,175	$ 227,167
Subordinate FTS Bonds:						
Recovery Bonds	1,466,200	–	–	–	1,466,200	7,338
Parity Bonds	5,835,190	3,270,450	(115,415)	(25,380)	8,964,845	298,863
Build America Bonds	1,731,240	1,314,405	–	–	3,045,645	122,897
Qualified School Construction Bonds	250,000	147,060	–	–	397,060	15,336
Total Subordinate FTS Bonds	9,282,630	4,731,915	(115,415)	(25,380)	13,873,750	444,434
Total FTS Bonds payable	$ 15,872,495	$ 4,249,425	$ (376,670)	$ (655,325)	$ 19,089,925	$ 671,601

The following summarizes the debt service activity for FTS Bonds in fiscal year 2010:

(in thousands)	Outstanding Principal Balance at June 30, 2009	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2010	Total Interest Payments FY 10
Senior FTS Bonds	$ 8,442,425	$ –	$ (138,080)	$ (1,714,480)	$ 6,589,865	$ 277,342
Subordinate FTS Bonds:						
Recovery Bonds	1,521,900	81,000	(136,700)	–	1,466,200	5,604
Parity Bonds	2,697,855	3,283,755	(52,095)	(94,325)	5,835,190	224,361
Build America Bonds	–	1,731,240	–	–	1,731,240	10,807
Qualified School Construction Bonds	–	250,000	–	–	250,000	–
Total Subordinate FTS Bonds	4,219,755	5,345,995	(188,795)	(94,325)	9,282,630	240,772
Total FTS Bonds payable	$ 12,662,180	$ 5,345,995	$ (326,875)	$ (1,808,805)	$ 15,872,495	$ 518,114

BUILDING AID REVENUE BONDS

The Authority is also authorized to have outstanding up to $9.4 billion of Building Aid Revenue Bonds, notes or other obligations ("BARBs"), secured by building aid from New York State ("State") that is received by the Authority pursuant to the assignment to the Authority by The City in fiscal year 2007 (the "Assignment"). The City assigned its building aid, which is subject to annual appropriation by the State, to the Authority for the purpose of funding costs of the five-year educational facilities capital plan for The City school system and to pay its administrative expenses. The Authority issued $650.0 million of BARBs in fiscal year 2011 and did not issue BARBs in fiscal year 2010. The Authority had BARBs outstanding as of June 30, 2011 and 2010 of $4.73 billion and $4.22 billion, respectively.

Of the $650.0 million BARBs issued in fiscal year 2011, $295.75 million were Build America Bonds ("BABs") and $100.0 million were Qualified School Construction Bonds ("QSCBs"). The BABs and QSCBs are taxable bonds for which the Authority receives a cash subsidy payment from the United States Treasury. In fiscal year 2011, the Authority earned subsidy payments of $4.52 million on its BABs and $26.5 thousand on its QSCBs. The proceeds of the BABs are used to finance The City's capital expenditures and the QSCBs proceeds are used to finance The City's educational facilities.

The following summarizes the debt service activity for BARBs in fiscal year 2011:

(in thousands)	Outstanding Principal Balance at June 30, 2010	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2011	Total Interest Payments FY 11
Tax-exempt Bonds	$ 4,221,155	$ 254,250	$ (65,455)	$ (75,850)	$ 4,334,100	$ 207,838
Build America Bonds	–	295,750	–	–	295,750	–
Qualified School Construction Bonds	–	100,000	–	–	100,000	–
Total BARBs payable	$ 4,221,155	$ 650,000	$ (65,455)	$ (75,850)	$ 4,729,850	$ 207,838

The following summarizes the debt service activity for BARBs in fiscal year 2010:

(in thousands)	Outstanding Principal Balance at June 30, 2009	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2010	Total Interest Payments FY 10
Tax-exempt bonds	$ 4,251,180	$ –	$ (30,025)	$ –	$ 4,221,155	$ 194,790
Total BARBs payable	$ 4,251,180	$ –	$ (30,025)	$ –	$ 4,221,155	$ 194,790

In accordance with GASB standards, the building aid revenue is treated, for reporting purposes, as City revenue pledged to the Authority. The Authority retains sufficient building aid revenue to service the BARBs debt and to pay its administrative expenses. Under the criteria established by GASB, the assignment of building aid revenue by The City to the Authority is considered a collateralized borrowing, due to The City's continuing involvement necessary for collection of the building aid. The Authority reports as an asset (Due from New York City—future State building aid) the cumulative amount it has distributed to The City for the educational facilities capital plan, net of the cumulative amount of building aid it has retained. On the fund financial statements the distributions to The City for its educational facilities capital program are reported as any other financing use of funds. Building aid retained by the Authority is treated as any other financing source as the amount retained is accounted for as a repayment of the amounts loaned to The City.

BUILDING AID REVENUE BONDS (continued)

Below is a table summarizing the total building aid revenues from the State, remittances to The City and the balances retained by the Authority for the fiscal years ending June 30,

(in thousands)	2011	2010	2009
Building aid received from New York State	$ 894,478	$ 829,949	$ 757,199
Building aid remitted to New York City	(478,126)	(449,675)	(530,490)
Total retained for BARBs debt service and operating expenses	$ 416,352	$ 380,274	$ 226,709

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following summarizes the activities of the Authority for the years ended June 30,

				Variance	
(in thousands)	2011	2010	2009	2011/2010	2010/2009
Revenues:					
Personal income tax retained	$ 695,044	$ 190,646	$ 138,274	$ 504,398	$ 52,372
Unrestricted grant from NewYork City	789,697	370,524	645,747	419,173	(275,223)
Federal subsidy	75,991	14,885	–	61,106	14,885
Investment earnings	1,357	3,307	11,257	(1,950)	(7,950)
Total revenues	1,562,089	579,362	795,278	982,727	(215,916)
Expenses:					
Distributions to New York City for general capital program	3,469,002	3,146,860	11,448	322,142	3,135,412
Interest expense	870,183	721,707	651,003	148,476	70,704
Other	108,482	35,158	33,352	73,324	1,806
Total expenses	4,447,667	3,903,725	695,803	543,942	3,207,922
Change in net assets	(2,885,578)	(3,324,363)	99,475	438,785	(3,423,838)
Net deficit, beginning of year	(15,599,529)	(12,275,166)	(12,374,641)	(3,324,363)	99,475
Net deficit, end of year	$ (18,485,107)	$ (15,599,529)	$ (12,275,166)	$ (2,885,578)	$ (3,324,363)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

In fiscal year 2011, Personal Income Tax ("PIT") increased $.42 billion or 5.90% over fiscal year 2010 due to The City's improving economy. The Authority received $7.60 billion and $7.18 billion of PIT in fiscal years 2011 and 2010, respectively.

The Authority received City grants of $789.70 million and $370.52 million in June 2011 and 2010, respectively. The receipt of City grants reduces the amount of PIT needed to be retained by the Authority in future fiscal years for its debt service payments on FTS Bonds and its administrative expenses.

As previously discussed, the Authority issued BABs and QSCBs for the first time in fiscal year 2010. As a result of the issuance of these taxable bonds, the Authority earned $75.99 million and $14.88 million in Federal interest subsidies in June 30, 2011 and June 30, 2010, respectively.

The continuing decrease in investment earnings is due to the lower interest rate environment and the timing of the distributions to The City for its capital programs, which reduces the amount available for the Authority to invest.

Fiscal year 2011 expenses increased due to the Authority's issuance of $3.60 billion in new money FTS bonds of which $3.47 billion was distributed to The City for its capital programs. Due to the timing of the bond issuances and The City's incurrence of capital expenditures, the remaining balance of bonds proceeds are available to be transferred to The City in fiscal year 2012.

Interest expense increased in fiscal year 2011 by $148.48 million due to the increase in outstanding bonds.

Other expenses consist primarily of amortization costs related to the issuance of debt, the Authority's administrative expenses, and federal subsidies transferred to The City. The increase of $73.33 million in other expenses was primarily due to the transfer of $62.9 million more of federal subsidies to The City.

The following summarizes the Authority's assets, liabilities, and net assets (deficits) as of June 30,

(in thousands)	2011	2010	2009	Variance 2011/2010	Variance 2010/2009
Assets:					
Total assets	$ 6,551,298	$ 5,374,891	$ 5,306,497	$ 1,176,407	$ $ 68,394
Liabilities:					
Current liabilities	1,552,029	1,015,544	587,865	536,485	427,679
Non-current liabilities	23,484,376	19,958,876	16,993,798	3,525,500	2 ,965,078
Total liabilities	25,036,405	20,974,420	17,581,663	4,061,985	3,392,757
Net assets (deficits):					
Restricted	745,643	437,286	619	308,357	436,667
Unrestricted	(19,230,750)	(16,036,815)	(12,275,785)	(3,193,935)	(3,761,030)
Total deficit, end of year	$ (18,485,107)	$ (15,599,529)	$ (12,275,166)	$ (2,885,578)	$ (3,324,363)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Total assets increased in fiscal year 2011 by approximately $1.18 billion primarily due to the increased available holding of capital bond proceeds and a grant from The City for fiscal year 2012 debt service, as previously discussed.

Total liabilities increased by approximately $4.0 billion primarily because in fiscal year 2011 the Authority had approximately $3.7 billion more in outstanding bonds. In addition, there was approximately $281 million more of bond proceeds due to The City.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS - GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The Authority reports governmental activity using five funds, comprised of the general fund, two capital projects funds: a building aid revenue bonds capital project fund ("BARBs CPF"), and a future tax secured capital project fund ("FTS Bonds CPF"); and two debt service funds: a building aid revenue bonds debt service fund ("BARBs DSF") and a future tax secured debt service fund ("FTS Bonds DSF"). In fiscal year 2011, the Authority implemented Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 resulted in the creation of a general fund and the restatement of those activities that were formerly presented in the debt service funds and now reported under a general fund. The Authority now accounts for and reports in the general fund its administrative and operating expenditures along with the resources used or held for use to pay for those operating activities, pursuant to the Indenture.

The following summarizes the General Fund activities of the Authority for the years ended June 30,

(in thousands)	2011	2010	2009	Variance 2011/2010	Variance 2010/2009
Fund balance, beginning of year	$ 11,984	$ 9,941	$ 4,325	$ 2,043	$ 5,616
Revenues	84,989	13,704	14,024	71,285	(320)
Expenditures	(80,870)	(11,661)	(8,409)	(69,209)	(3,252)
Other financing sources (uses), net	320	–	–	320	–
Fund balance, end of year	$ 16,423	$ 11,984	$ 9,940	$ 4,439	$ 2,044

As previously discussed, the Authority issued BABs and QSCBs for the first time in fiscal year 2010. As a result of the issuance of these taxable bonds, there was a significant increase in revenues in fiscal year 2011, which was passed through to The City causing a significant increase in expenditures.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENTAL FUNDS FINANCIAL STATEMENTS (continued)

The following summarizes the BARBs DSF activities of the Authority for the years ended June 30

(in thousands)	2011	2010	2009	Variance 2011/2010	Variance 2010/2009
Fund balance, beginning of year	$ –	$ 56	$ 69,665	$ (56)	$ (69,609)
Revenues	36	280	881	(244)	(601)
Expenditures	(515,081)	(279)	(16,669)	(514,802)	16,390
Other financing sources (uses), net	658,993	(57)	(53,821)	659,050	53,764
Fund balance, end of year	$ 143,948	$ –	$ 56	$ 143,948	$ (56)

The Authority's bond proceeds and distributions to The City are reported as other financing sources (uses) in the governmental funds. As previously discussed, the Authority issued $650.0 million BARBS in fiscal year 2011 and distributed $510.58 million of BARB proceeds to The City to finance its educational facilities capital program. The distribution paid to The City is reported as expenditures, which also consisted of $4.5 million of issuance costs.

As the Authority did not issue any BARBs in fiscal year 2010, approximately $279 thousand of remaining fiscal year 2009 BARBs proceeds and related interest earnings were distributed to The City in fiscal year 2010.

The following summarizes the FTS Bonds CPF activities of the Authority for the years ended June 30,

(in thousands)	2011	2010	2009	Variance 2011/2010	Variance 2010/2009
Fund balance, beginning of year	$ 436,803	$ –	$ 30,411	$ 436,803	$ (30,411)
Revenues	1,767	613	252	1,154	361
Expenditures	(3,490,940)	(3,166,235)	(11,448)	(324,705)	(3,154,787)
Other financing sources (uses), net	3,654,065	3,602,425	(19,215)	51,640	3,621,640
Fund balance, end of year	$ 601,695	$ 436,803	$ –	$ 164,892	$ 436,803

Expenditures increased in fiscal year 2011 due to the Authority's distribution of $3.47 billion to The City for its capital programs. These distributions were financed from the Authority's issuance of $3.60 billion of new money FTS Bonds which are recorded as other financing sources. The remaining balance of bonds proceeds are available to be transferred to The City in fiscal year 2012.

Expenditures increased in fiscal year 2010 due to the Authority's distribution of $3.15 billion to The City for its capital programs. These distributions were financed from the Authority's issuance of $3.56 billion of new money FTS Bonds which are recorded as other financing sources.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – GOVERNMENTAL FUNDS FINANCIAL STATEMENTS (continued)

The following summarizes the BARBs DSF activities of the Authority for the years ended June 30,

(in thousands)	2011	2010	2009	Variance 2011/2010	Variance 2010/2009
Fund balance, beginning of year	$ 525,386	$ 368,980	$ 245,542	$ 156,406	$ 123,438
Revenues	(822)	1,205	3,371	(2,027)	(2,166)
Expenditures	(273,293)	(225,130)	(107,660)	(48,163)	(117,470)
Other financing sources (uses), net	334,723	380,331	227,727	(45,608)	152,604
Fund balance, end of year	$ 585,994	$ 525,386	$ 368,980	$ 60,608	$ 156,406

Expenditures in the BARBs DSF are primarily the debt service payments on outstanding BARBs. The other financing sources consist primarily of $416.35 million, $380.27 million and $226.71 million of State building aid retained by the Authority in fiscal years 2011, 2010 and 2009, respectively.

The following summarizes the FTS Bonds DSF activities of the Authority for the years ended June 30,

(in thousands)	2011	2010	2009	Variance 2011/2010	Variance 2010/2009
Fund balance, beginning of year	$ 554,834	$ 841,034	$ 749,404	$ (286,200)	$ 91,630
Revenues	1,462,993	552,707	790,774	910,286	(238,067)
Expenditures	(1,051,712)	(859,231)	(720,171)	(192,481)	(139,060)
Other financing sources (uses), net	756	20,324	21,027	(19,568)	(703)
Fund balance, end of year	$ 966,871	$ 554,834	$ 841,034	$ 412,037	$ (286,200)

The FTS Bonds DSF revenue consists primarily of grants from The City and PIT retained by the Authority. The Authority received unrestricted grants from The City of $789.70 million and $370.52 million in fiscal years 2011 and 2010, respectively. These grants and the PIT retained are used to service the Authority's FTS Bonds debt service and its administrative expenses.

Expenditures increased in fiscal year 2010 over fiscal year 2009 due to the increase in debt service payments on the FTS Bonds.
Other financing sources (uses) consist primarily of the proceeds from FTS Bonds issued for the refunding of prior years' FTS Bonds and the payment to the escrow agent for the refunded bonds.

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to Raymond Orlando, Manager of Investor Relations, the New York City Transitional Finance Authority, 75 Park Place, New York, NY 10007.

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STATEMENTS OF NET ASSETS (DEFICIT)
AS OF JUNE 30, 2011 AND 2010

(in thousands)	2011	2010
Assets:		
Unrestricted cash and cash equivalents	$ 18,832	$ 13,910
Restricted cash and cash equivalents	1,165,997	950,701
Restricted cash in escrow for economic defeasance	–	2
Restricted investments	1,420,967	570,480
Restricted investments in escrow for economic defeasance	–	481
Personal income tax receivable from New York State	297,023	313,747
Due from New York City - future State building aid	3,515,027	3,420,798
Unamortized bond issuance costs	108,903	93,353
Other	24,549	11,419
Total Assets	$ 6,551,298	$ 5,374,891
Liabilities:		
Personal income tax payable to New York City	$ 297,023	$ 313,747
Distribution payable to New York City capital programs	286,727	3,505
Accrued expenses	4,458	3,062
Accrued interest payable	301,706	253,249
Bonds payable		
Portion due within one year	662,115	441,665
Portion due after one year	23,157,660	19,651,985
Unamortized deferred bond refunding costs	(198,080)	(174,278)
Unamortized bond premium	524,796	481,169
Other	–	316
Total Liabilities	25,036,405	20,974,420
Net Assets (Deficit):		
Restricted for economic defeasance	–	483
Restricted for capital projects	745,643	436,803
Unrestricted (decficit)	(19,230,750)	(16,036,815)
Total Deficit	$ (18,485,107)	$ (15,599,529)

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

(in thousands)	2011	2010
Revenues:		
Personal income tax revenue	$ 7,601,070	$ 7,176,992
Less remittances to New York City	(6,906,026)	(6,986,346)
Personal income tax revenue retained	695,044	190,646
Unrestricted grant from New York City	789,697	370,524
Federal interest subsidy	75,991	14,885
Investment earnings	1,357	3,307
Total Revenues	1,562,089	579,362
Expenses:		
General and administrative expenses	18,005	11,977
Distribution to New York City for general capital program	3,469,002	3,146,860
Distribution of federal interest subsidy to New York City	62,865	3,782
Amortization of deferred bond refunding costs	17,776	10,648
Interest expense	870,183	721,707
Amortization of debt issuance costs	9,836	8,751
Total Expenses	4,447,667	3,903,725
Change in Deficit	(2,885,578)	(3,324,363)
Deficit – beginning of year	(15,599,529)	(12,275,166)
Deficit – end of year	$ (18,485,107)	$ (15,599,529)

The accompanying notes are an integral part of these financial statements.

(in thousands)	General Fund	Capital Projects: Building Aid Revenue Bonds	Capital Projects: Future Tax Secured	Debt Service: Building Aid Revenue Bonds	Debt Service: Future Tax Secured	Total Governmental Funds
Assets:						
Unrestricted cash and cash equivalents	$ 18,832	$ –	$ –	$ –	$ –	$ 18,832
Restricted cash and cash equivalents	–	303,516	730,046	20,152	112,283	1,165,997
Restricted investments	–	–	–	566,162	854,805	1,420,967
Personal income tax receivable from New York State	–	–	–	–	297,023	297,023
Other	320	–	–	–	–	320
Total Assets	$ 19,152	$ 303,516	$ 730,046	$ 586,314	$ 1,264,111	$ 2,903,139
Liabilities and Fund Balances:						
Liabilities:						
Accrued expenses	$ 2,729	$ 568	$ 624	$ 320	$ 217	$ 4,458
Distribution payable to New York City for capital programs	–	159,000	127,727	–	–	286,727
Deferred personal income tax revenue	–	–	–	–	190,000	190,000
Personal income tax payable to New York City	–	–	–	–	107,023	107,023
Total Liabilities	2 ,729	159,568	128,351	320	297,240	588,208
Fund Balances:						
Restricted for:						
Capital distribution to New York City	–	143,948	601,695	–	–	745,643
Debt service	–	–	–	585,994	966,871	1,552,865
Unassigned	16,423	–	–	–	–	16,423
Total Fund Balances	16,423	143,948	601,695	585,994	966,871	2,314,931
Total Liabilities and Fund Balances	$ 19,152	$ 303,516	$ 730,046	$ 586,314	$ 1,264,111	$ 2,903,139

The accompanying notes are an integral part of these financial statements.

(in thousands)	General Fund	Capital Projects: Building Aid Revenue Bonds	Capital Projects: Future Tax Secured	Debt Service: Building Aid Revenue Bonds	Debt Service: Future Tax Secured	Total Governmental Funds
Assets:						
Unrestricted cash and cash equivalents	$ 13,910	$ –	$ –	$ –	$ –	$ 13,910
Restricted cash and cash equivalents	–	279	440,668	326,586	183,168	950,701
Restricted cash in escrow for economic defeasance	–	–	–	–	2	2
Restricted investments	–	–	–	199,116	371,364	570,480
Restricted investments in escrow for economic defeasance	–	–	–	–	481	481
Personal income tax receivable from New York State	–	–	–	–	313,747	313,747
Other	316	–	–	–	–	316
Total Assets	$ 14,226	$ 279	$ 440,668	$ 525,702	$ 868,762	$ 1,849,637
Liabilities and Fund Balance:						
Liabilities:						
Accrued expenses	$ 2,242	$ –	$ 639	$ –	$ 181	$ 3 ,062
Distribution payable to New York City capital programs	–	279	3,226	–	–	3,505
Deferred personal income tax revenue	–	–	–	–	261,000	261,000
Personal income tax payable to New York City	–	–	–	–	52,747	52,747
Other	–	–	–	316	–	316
Total Liabilities	2 ,242	279	3,865	316	313,928	320,630
Fund Balances:						
Restricted for:						
Capital distribution to New York City	–	–	436,803	–	–	436,803
Debt service	–	–	–	250,626	184,310	434,936
Assigned to debt service	–	–	–	274,760	370,524	645,284
Unassigned	11,984	–	–	–	–	11,984
Total Fund Balances	11,984	–	436,803	525,386	554,834	1,529,007
Total Liabilities and Fund Balances	$ 14,226	$ 279	$ 440,668	$ 525,702	$ 868,762	$ 1,849,637

The accompanying notes are an integral part of these financial statements.

RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS (DEFICIT) AS OF JUNE 30, 2011 AND 2010

(in thousands)	2011	2010
Total fund balances - governmental funds	$ 2,314,931	$ 1,529,007
Amounts reported for governmental activities in the statements of net assets (deficit) are different because:		
Costs of debt issuance are expenditures in governmental funds financial statements. However, in the statements of net assets (deficit), the costs of debt issuance are reported as capitalized assets and amortized over the life of the related asset.	108,903	93,353
Bond premiums are reported as other financing sources in the governmental funds financial statements. However, in the statements of net assets (deficit), bond premiums are reported as a component of bonds payable and amortized over the lives of the related debt.	(524,796)	(481,169)
Federal Interest subsidy on BABs and QSCBs is recognized when the related bond interest is reported. On the statements of net assets (deficit), the amount of the subsidy applicable to the accrued bond interest is receivable as of fiscal year end. However, in the governmental funds balance sheet where no bond interest is reported as payable until due, no subsidy receivable is reported.	24,229	11,103
Distributions to The City's educational facilities capital program from BARBs proceeds are reported as an other financing source in the governmental funds financial statements. However, in the statements of net assets (deficit), they are reported as due from The City.	3,515,027	3,420,798
Some liabilities are not due and payable in the current period from currently available financial resources and therefore are not reported in the governmental funds financial statements but are reported in the statements of net assets (deficit). These liabilities consist of:		
Bonds payable	(23,819,775)	(20,093,650)
Accrued interest payable	(301,706)	(253,249)
Costs of bond refundings are reported as expenditures in governmental funds financial statements. However, in the statements of net assets (deficit), those costs and the related gain or loss are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.	198,080	174,278
Net assets (deficit) of governmental activities	$ (18,485,107)	$ (15,599,529)

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2011

		Capital Projects		Debt Service		
(in thousands)	General Fund	Building Aid Revenue Bonds	Future Tax Secured	Building Aid Revenue Bonds	Future Tax Secured	Total Governmental Funds
Revenues:						
Personal income tax revenue	$ 22,120	$ –	$ –	$ –	$ 7,649,950	$ 7,672,070
Less remittances to New York City	–	–	–	–	(6,977,026)	(6,977,026)
Personal income tax revenue retained	22,120	–	–	–	672,924	695,044
Unrestricted grant from New York City	–	–	–	–	789,697	789,697
Federal interest subsidy	62,865	–	–	–	–	62,865
Investment earnings	4	36	1,767	(822)	372	1,357
Total Revenues	84,989	36	1,767	(822)	1,462,993	1,548,963
Expenditures:						
Interest expense	–	–	–	207,838	671,577	879,415
Interest expense economic defeasance	–	–	–	–	24	24
Costs of debt issuance	–	4,501	21,938	–	–	26,439
Distributions to New York City for general capital program	–	–	3,469,002	–	–	3,469,002
Distributions of federal interest subsidy to New York City	62,865	–	–	–	–	62,865
Principal amounts of bonds retired	–	–	–	65,455	376,210	441,665
Principal amounts of economic defeased bonds retired	–	–	–	–	460	460
Refunding bond issuance costs	–	–	–	–	3,441	3,441
General and administrative expenses	18,005	–	–	–	–	18,005
Total Expenditures	80,870	4,501	3,490,940	273,293	1,051,712	4,901,316
Excess (deficiency) of revenues over expenditures	4,119	(4,465)	(3,489,173)	(274,115)	411,281	(3,352,353)
Other Financing Sources (Uses):						
Principal amount of bonds issued	–	650,000	3,600,000	–	–	4,250,000
Distributions to New York City for educational facilities capital program	–	(510,580)	–	–	–	(510,580)
Refunding bond proceeds	–	–	–	–	649,425	649,425
Bond premium, net of discount	–	9,018	54,275	–	64,829	128,122
Payments to refunded bond escrow holder	–	–	–	(81,334)	(713,708)	(795,042)
Transfer from New York City – building aid	–	–	–	416,352	–	416,352
Transfers in (out)	320	(25)	(210)	(295)	210	–
Total Other Financing Sources (Uses)	320	148,413	3,654,065	334,723	756	4,138,277
Net Changes in Fund Balances	4 ,439	143,948	164,892	60,608	412,037	785,924
Fund Balances – beginning of year	11,984	–	436,803	525,386	554,834	1,529,007
Fund Balances – end of year	$ 16,423	$ 143,948	$ 601,695	$ 585,994	$ 966,871	$ 2,314,931

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2010

		Capital Projects		Debt Service		
(in thousands)	General Fund	Building Aid Revenue Bonds	Future Tax Secured	Building Aid Revenue Bonds	Future Tax Secured	Total Governmental Funds
Revenues:						
Personal income tax revenue	$ 13,700	$ –	$ –	$ –	$ 6,861,292	$ 6,874,992
Less remittances to New York City	–	–	–	–	(6,684,346)	(6,684,346)
Personal income tax revenue retained	13,700	–	–	–	176,946	190,646
Unrestricted grant from New York City	–	–	–	–	370,524	370,524
Federal interest subsidy	–	–	–	–	3,782	3,782
Investment earnings	4	30	613	1,205	1,455	3,307
Other	–	250	–	–	–	250
Total Revenues	13,704	280	613	1,205	552,707	568,509
Expenditures:						
Interest expense	–	–	–	194,789	516,895	711,684
Interest expense economic defeasance	–	–	–	–	1,219	1,219
Costs of debt issuance	–	–	19,375	–	–	19,375
Distributions to New York City for general capital program	–	–	3,146,860	–	–	3,146,860
Distributions of federal interest subsidy to New York City	–	–	–	–	3,782	3,782
Principal amounts of bonds retired	–	–	–	30,025	295,260	325,285
Principal amounts of economic defeased bonds retired	–	–	–	–	31,615	31,615
Refunding bond issuance costs	–	–	–	–	10,460	10,460
General and administrative expenses	11,661	–	–	316	–	11,977
Total Expenditures	11,661	–	3,166,235	225,130	859,231	4,262,257
Excess (deficiency) of revenues over expenditures	2 ,043	280	(3,165,622)	(223,925)	(306,524)	(3,693,748)
Other Financing Sources (Uses):						
Principal amount of bonds issued	–	–	3,565,000	–	–	3,565,000
Distributions to New York City for educational facilities capital program	–	(279)	–	–	–	(279)
Refunding bond proceeds	–	–	–	–	1,780,995	1,780,995
Bond premium, net of discount	–	–	29,532	–	174,074	203,606
Payments to refunded bond escrow holder	–	–	–	–	(1,926,852)	(1,926,852)
Transfer from New York City – building aid	–	–	–	380,274	–	380,274
Transfers in (out)	–	(57)	7,893	57	(7,893)	–
Total Other Financing Sources (Uses)	–	(336)	3,602,425	380,331	20,324	4,002,744
Net Changes in Fund Balances	2 ,043	(56)	436,803	156,406	(286,200)	308,996
Fund Balances – beginning of year	9,941	56	–	368,980	841,034	1,220,011
Fund Balances – end of year	$ 11,984	$ –	$ 436,803	$ 525,386	$ 554,834	$ 1,529,007

The accompanying notes are an integral part of these financial statements.

RECONCILIATIONS OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

(in thousands)	2011	2010
Net changes in fund balances - total governmental funds	$ 785,924	$ 308,996
Amounts reported for governmental activities in the statements of activities are different because:		
Bond proceeds provide current financial resources to governmental funds, but bonds issued increase long-term liabilities on the statements of net assets (deficit).	(4,899,425)	(3,565,000)
Refunding bond proceeds and payments to refunded bond escrow holder are reported as other financing sources and uses in the governmental funds, but increase and decrease long-term liabilities in the statements of net assets (deficit).	795,042	145,857
Governmental funds report costs of bond refundings as expenditures. However, in the statements of activities, the costs of bond refundings are amortized over the shorter of the life of the bonds refunded or the life of the bonds issued to advance refund the bonds.	(14,335)	(188)
Repayment (including defeasance) of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net assets (deficit).	442,125	356,900
Governmental funds report the costs of debt issuance as expenditures. However, in the statements of activities, the cost of debt issuance is amortized over the life of the related debt.	16,603	10,624
Governmental funds report bond premiums/discounts as other financing sources/uses. However, in the statements of activities, bond premiums/discounts are amortized over the lives of the related debt as interest expense.	(60,922)	(141,481)
Distributions to The City's educational facilities capital program from BARBs proceeds are reported as an other financing use in governmental funds. However, in the statements of activities, distributions of BARBs proceeds are reported as due from New York City-future State building aid.	510,580	279
Retention of building aid is reported similar to a transfer from The City, as an other financing source in the governmental funds. However, in the statements of activities, building aid retained is reported as a reduction of the amount due from New York City-future State building aid.	(416,352)	(380,274)
Federal interest subsidy on BABs and QSCBs is recognized when the related bond interest cost is reported. On the statement of activities, the subsidy revenue in the amount applicable to the accrued bond interest expense is accrued as of fiscal year end. However, in the governmental funds where interest expenditure is reported when due, no subsidy revenue is accrued as of year end.	13,126	11,103
Interest expense is reported in the statement of activities on the accrual basis, but interest is reported as an expenditure in the governmental funds when the outlay of financing resources is required.	(57,944)	(70,929)
Other	–	(250)
Change in net (deficit) assets of governmental activities	$ (2,885,578)	$ (3,324,363)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The New York City Transitional Finance Authority (the "Authority") is a corporate governmental entity constituting a public benefit corporation and an instrumentality of the State of New York (the "State"). The Authority is governed by a Board of five directors, consisting of the following officials of The City of New York (the "City"): the Director of Management and Budget (who also serves as Chairperson), the Commissioner of Finance, the Commissioner of Design and Construction, the City Comptroller and the Speaker of the City Council. Although legally separate from The City, the Authority is a financing instrumentality of The City and is included in The City's financial statements as a blended component unit, in accordance with the Governmental Accounting Standards Board ("GASB") standards.

The Authority was created by State legislation enacted in 1997 to issue and sell up to $7.5 billion in bonds and notes ("Future Tax Secured Bonds" or "FTS Bonds") to fund a portion of the capital program of The City, the purpose of which is to maintain, rebuild and expand the infrastructure of The City and to pay the Authority's administrative expenses.

In June 2000, the State Legislature increased to $11.5 billion the Authority's capacity to issue bonds and notes for general City capital purposes. Within the $11.5 billion, the State Legislature increased the amount of FTS Bonds which may be issued as variable rate debt from $750 million to $2.3 billion. In July 2006, the statutory capacity to issue bonds and notes for general capital purposes of The City was increased by $2 billion; as of June 30, 2007, the Authority had issued its statutory limit of $13.5 billion of FTS Bonds. In July 2009, authorizing legislation was enacted under Chapter 182 of the Laws of New York, 2009 which permits the Authority to have outstanding $13.5 billion of FTS Bonds. In addition, Chapter 182 permits the Authority to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by The City, does not exceed the debt limit of The City. As of July 1, 2011, The City's and the Authority's combined debt-incurring capacity was approximately $24.06 billion.

On September 13, 2001, the State Legislature authorized the Authority to have outstanding an additional $2.5 billion of bonds and notes ("Recovery Bonds") to fund The City's costs related to and arising from events on September 11, 2001 at the World Trade Center, notwithstanding the limits discussed above.

Legislation enacted in April 2006 additionally enables the Authority to have outstanding up to $9.4 billion of Building Aid Revenue Bonds ("BARBs"), notes or other obligations for purposes of funding costs of the five-year educational facilities capital plan for The City school system and the Authority's administrative expenses.

The Authority does not have any employees; its affairs are administered by employees of The City and of another component unit of The City, for which the Authority pays a management fee and overhead based on its allocated share of personnel and overhead costs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The government-wide financial statements of the Authority, which include the statements of net assets (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The statements of net assets (deficit) and the statements of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

   The Authority's governmental fund financial statements (General, Capital Project and Debt Service Funds) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are considered available if received within two months after the fiscal year end. Expenditures are recognized when the related liability is incurred, except for interest on bonds payable, which is recognized when due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority uses five governmental funds for reporting its activities: (1) a general fund, (2) a building aid revenue bonds capital project fund ("BARBs CPF"), (3) a future tax secured bonds capital project fund ("FTS Bonds CPF"); (4) a building aid revenue bonds debt service fund ("BARBs DSF"), and (5) a future tax secured bonds debt service fund ("FTS Bonds DSF"). The two capital project funds account for resources to be transferred to The City's capital programs in satisfaction of amounts due to The City and the two debt service funds account for the accumulation of resources for payment of principal and interest on long-term debt and certain interest on short-term debt. The General Fund accounts for and reports all financial resources not accounted for in the capital and debt service funds, including the Authority's administrative expenses.

B. Fund balances are classified as either: 1) nonspendable, 2) restricted, or 3) unrestricted. Unrestricted fund balance is further classified as: (a) committed, (b) assigned, or (c) unassigned.

The Board of Directors of the Authority ("Board") constitutes the Authority's highest level of decision-making authority and resolutions adopted by the Board that constrain fund balances for a specific purpose are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

Fund balances which are constrained for use for a specific purpose based on the direction of any officer of the Authority duly authorized under its bond indenture to direct the movement of such funds are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

When both restricted and unrestricted resources are available for use for a specific purpose, it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for us for a specific purpose, it is the Authority's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

Resources constrained for debt service or redemption in accordance with the Authority's Indenture are classified as restricted on the statements of net assets (deficit) and the governmental funds balance sheets.

C. Bond and bond anticipation note premiums, discounts and issuance costs are capitalized and amortized over the lives of the related debt using the interest method in the government-wide financial statements. The governmental fund financial statements recognize the premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued and premium received are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

D. Deferred bond refunding costs represent the accounting loss incurred in advance refunding of outstanding bonds. The deferred bond refunding costs are amortized over the shorter of the remaining life of the old debt or the life of the new debt. In the debt service funds, costs of the bond refundings are reported as expenditures when incurred.

E. Interest expense is recognized on the accrual basis in the government-wide financial statements. Interest expenditures are recognized when bond interest is due in the governmental fund financial statements.

F. The Authority receives City personal income taxes, imposed pursuant to State law and collected on behalf of the Authority by the State, to service its future tax secured debt and pay a portion of its administrative expenses. Funds for FTS Bonds debt service are required to be set aside prior to the due date of the principal and interest. Personal income taxes in excess of amounts needed to pay

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

debt service and administrative expenses of the Authority are available to be remitted to The City. During fiscal years 2011 and 2010, unrestricted grants were received from the City, as described in Note 6.

G. The Authority receives building aid payments by the State, subject to State annual appropriation, pursuant to the assignment by The City of the building aid payments to the Authority to service its building aid revenue bonds and pay a portion of its administrative expenses. Due to The City's continuing involvement necessary for the collection of the building aid, this assignment is considered a collateralized borrowing between The City and the Authority. The Authority reports, on its statement of net assets, an asset (Due from New York City—future State building aid) representing the cumulative amount it has distributed to The City for the educational facilities capital plan, net of the cumulative amount of building aid it has retained. On the fund financial statements, the distributions to The City for its educational facilities capital program are reported as an other financing use of funds. Building aid retained by the Authority is treated as an other financing source as the amount retained is accounted for as a repayment of the amounts loaned to The City. During the years ended June 30, 2011 and 2010, the Authority retained $416.35 million and $380.27 million, respectively of State building aid to be used for BARBs debt service and its administrative expenses.

H. To maintain the exemption from Federal income tax of interest on bonds issued by the Authority, the Authority will fund amounts required to be rebated to the Federal government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Code requires the payment to the United States Treasury of the excess of the amount earned on all obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, together with any earnings attributable to such excess. Construction funds, debt service funds or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter, and within 60 days after retirement of the bonds. The Authority was not required to make an arbitrage rebate payment in fiscal years 2011 and 2010.

The Authority receives a subsidy from the United States Treasury due to the Authority's issuance of taxable Build America Bonds (BABs) and taxable Qualified School Construction Bonds (QSCBs) under the American Recovery and Reinvestment Act of 2009. This subsidy is recognized when the related bond interest is reported. On the statement of net assets, the amount of the subsidy related to the accrued bond interest is reported as a receivable at year end, while in the governmental funds balance sheet where no bond interest is reported as payable until due, no subsidy receivable is reported.

I. Newly Adopted Standards and Standards Issued But Not Yet Effective.

As a Component Unit of The City, the Authority implements new GASB standards in the same fiscal year as they are implemented by The City. The following are discussions of the standards requiring implementation in the current year and standards which will or may impact the Authority future years.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), effective for periods beginning after June 15, 2010. In fiscal year 2011, the Authority implemented GASB 54. GASB 54 changed the terminology and classification of fund balances to reflect spending constraints on the reported resources. It also changed the definitions of various fund types such that the Authority is required to account for and report certain administrative operations in a new general fund, rather than in its debt service fund. The Statement changed the display of fund balances in the governmental fund financial statements and requires that governments disclose certain fund balance classifications and policies in the notes to the financial statements. As a result of the Authority implementing GASB 54, it established a general fund to account for the financial resources for its operating activities in the current period and restated the operating activities

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of the prior period in accordance with the Statement. The impact of the implementation of GASB 54 reduced the beginning fiscal year 2010 DSF balance by $9.94 million and increased the GF fund balance by the same amount. GASB 54 did not have any financial impact on the Authority's reported levels of total governmental fund balances or net assets (deficits).

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus* ("GASB 59"). The Statement clarifies the accounting for a number of financial instruments including allocated and unallocated insurance contracts. The Statement is effective for the financial statements for periods beginning after June 15, 2010. The Authority has not completed the process of evaluating GASB 59, but does not expect it to have an impact on its financial statements.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements* ("GASB 60"). The Statement establishes the financial reporting for service concession agreements. The Statement is effective for financial statement periods beginning after December 15, 2011, but is not expected to have an impact on the Authority's financial statements.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statement No. 14 and No. 34* ("GASB 61"). The Statement amends existing standards relating to the composition and reporting of the governmental financial reporting entity. The Statement is effective for financial statement periods beginning after June 15, 2012, but is not expected to have an impact because on the Authority or its status as a blended component unit of The City.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements* ("GASB 62"). The Statement incorporates a large volume of FASB and AICPA accounting pronouncements into the GASB hierarchy of generally accepted accounting principles for governments. The Statement is effective for financial statement periods beginning after December 15, 2011. The Authority has not completed the process of evaluation GASB 62, but does not expect it to have an impact on its financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"). The Statement establishes new reporting requirements of two elements (deferred outflows of resources and deferred inflows of resources) and renames the Statement of Net Assets to Statement of Net Position, as well as reported Net Assets, and components thereof, to Net Position. The Statement is effective for financial statements for periods beginning after December 15, 2011. The Authority has not completed the process of evaluating GASB 63, but it is expected to change only the formatting and naming of the Authority's statement of position and components thereof, with no overall financial impact.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision* ("GASB 64"). The Statement clarifies the existing requirements for the termination of hedge accounting upon default or termination of a swap counterparty or swap counterparty's credit support provider. The Statement is effective for financial statements for periods beginning after June 15, 2011. The Authority has not completed the process of evaluating GASB 64, but does not expect it to have an impact on its financial statements.

J. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Authority's management to make estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Prior year amounts have been reclassified to conform to current year presentation.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Authority's restricted cash and cash equivalents consisted of bank deposits, money market funds, U.S. Treasuries, and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name. The Authority's restricted cash escrow is cash held by the escrow agent in the economic defeasance account.

The Authority's cash and cash equivalents and those restricted for the economic defeasance as of June 30, 2011 and 2010 are as follows:

(in thousands)	2011	2010
Restricted cash and cash equivalents:		
Cash	$ 333	$ 96
Cash equivalents (see Note 4)	1,165,664	950,607
Total restricted cash and cash equivalents	1,165,997	950,703
Unrestricted cash and cash equivalents:		
Cash	210	206
Cash equivalents (see Note 4)	18,622	13,704
Total unrestricted cash and cash equivalents	18,832	13,910
Total Cash and Cash Equivalents	$ 1,184,829	$ 964,613

As of June 30, 2011 and 2010, the Authority's restricted cash in escrow for economic defeasance consisted of bank deposits. As of June 30, 2011 and 2010, the carrying amounts and bank balances of bank deposits were $0 and $2.0 thousand, respectively.

The Authority's unrestricted cash and cash equivalents consisted of bank deposits, money market funds and securities of government sponsored enterprises held by the Authority's Trustee in the Trustee's name.

As of June 30, 2011 and 2010, the carrying amounts and bank balances of unrestricted bank deposits were $210 thousand and $206 thousand, respectively, and were insured by the FDIC.

The Authority's investments classified as cash and cash equivalents have an original maturity date of three months or less from the date of purchase. The Authority values those investments at fair value (see Note 4 below for a discussion of the Authority's investment policy).

NOTE 4 – INVESTMENTS

Each account of the Authority that is held pursuant to the Indenture between the Authority and its Trustee, as amended and as restated December 1, 2010, (the "Indenture") may be invested in securities or categories of investments that are specifically enumerated as permitted investments for such account pursuant to the Indenture.

NOTE 4 – INVESTMENTS (continued)

Custodial credit risk: Is the risk that, in the event of the failure of the custodian, the Authority may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are not collateralized. All investments are held in the Trustee's name by the Trustee.

Credit risk: The Authority's investments are primarily government-sponsored enterprise discount notes. All commercial paper held by the Authority is non-asset backed commercial paper and is rated A1+ by Standard Poor's Rating Services and P1 by Moody's Investor Services.

Interest rate risk: Substantially all of the Authority's investments mature in one year or less. Investments with longer term maturities are not expected to be liquidated prior to maturity, thereby limiting exposure from rising interest rates.

The Authority's investments, including cash equivalents and those restricted for the economic defeasance, as of June 30, 2011 and 2010 are as follows:

(in thousands)	2011	2010
Restricted investments, including economic defeasance investments:		
Money market funds	$ 1 ,689	$ 1,740
Securities of U.S. government agenices	1,552,904	992,199
U.S. Treasuries	–	87,694
Commercial paper	1,032,038	439,935
Total restricted investments	2,586,631	1,521,568
Less: amounts reported as cash equivalents	(1,165,664)	(950,607)
Total restricted investments, including economic defeasance investments	$ 1,420,967	$ 570,961
Unrestricted:		
Money market funds	1,622	1,704
Securities of U.S. government agencies	17,000	12,000
Total unrestricted investments	18,622	13,704
Less: amounts reported as cash equivalents	(18,622)	(13,704)
Total unrestricted investments	$ –	$ –

NOTE 5 – BONDS PAYABLE

Pursuant to the New York City Transitional Finance Authority Act (the "Act"), as amended, the Authority is authorized to have outstanding $13.5 billion of FTS Bonds, excluding Recovery Bonds. In addition, Chapter 182 permits the Authority to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. As of July 1, 2011, the City's and the Authority's combined debt-incurring capacity was approximately $24.06 billion. The Authority is also authorized to have outstanding $2.5 billion of Recovery Bonds and notes to pay costs related to or arising from the World Trade Center attack on September 11, 2001.

The Indenture permits the Authority to issue Senior and Subordinate FTS Bonds which consists of Recovery Bonds, Build America Bonds, Qualified School Construction Bonds, and other parity debt. As of June 30, 2011 and 2010, the Authority had $5.22 billion and $6.59 billion, respectively, of Senior bonds outstanding, including $0 million and $.5 million, respectively, of economically defeased bonds. The Authority is authorized to issue Senior FTS Bonds in an amount not to exceed $12 billion in outstanding principal and subject to a $330 million limit on quarterly debt service. Subordinate FTS Bonds outstanding as of June 30, 2011 and 2010 were $13.87 billion and $9.28 billion, respectively. Total FTS Bonds outstanding at June 30, 2011 and 2010 was $19.09 billion and $15.87 billion, respectively. The Authority includes the escrow funds for the economically defeased bonds in its assets and those funds provide for all future debt service on the economically defeased bonds, which are included in the Authority's bonds payables.

In fiscal years 2011 and 2010, the changes in FTS Bonds payable were as follows:

(in thousands)	Outstanding Principal Balance at June 30, 2010	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2011	Total Interest Payments FY 11
Senior FTS Bonds	$ 6,589,865	$ (482,490)	$ (261,255)	$ (629,945)	$ 5,216,175	$ 227,167
Subordinate FTS Bonds:						
Recovery Bonds	1,466,200	–	–	–	1,466,200	7,338
Parity Bonds	5,835,190	3,270,450	(115,415)	(25,380)	8,964,845	298,863
Build America Bonds	1,731,240	1,314,405	–	–	3,045,645	122,897
Qualified School Construction Bonds	250,000	147,060	–	–	397,060	15,336
Total Subordinate FTS Bonds	9,282,630	4,731,915	(115,415)	(25,380)	13,873,750	444,434
Total FTS Bonds payable	$ 15,872,495	$ 4,249,425	$ (376,670)	$ (655,325)	$ 19,089,925	$ 671,601

NOTE 5 – BONDS PAYABLE (continued)

(in thousands)	Outstanding Principal Balance at June 30, 2009	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2010	Total Interest Payments FY 10
Senior FTS Bonds	$ 8,442,425	$ –	$ (138,080)	$ (1,714,480)	$ 6,589,865	$ 277,342
Subordinate FTS Bonds:						
Recovery Bonds	1,521,900	81,000	(136,700)	–	1,466,200	5,604
Parity Bonds	2,697,855	3,283,755	(52,095)	(94,325)	5,835,190	224,361
Build America Bonds	–	1,731,240	–	–	1,731,240	10,807
Qualified School Construction Bonds	–	250,000	–	–	250,000	–
Total Subordinate FTS Bonds	4,219,755	5,345,995	(188,795)	(94,325)	9,282,630	240,772
Total FTS Bonds payable	$ 12,662,180	$ 5,345,995	$ (326,875)	$ (1,808,805)	$ 15,872,495	$ 518,114

As of June 30, 2011, the interest rates on the Authority's outstanding FTS fixed rate bonds range from 2.00% to 6.00% on tax-exempt bonds and 1.00% to 6.27% on taxable bonds.

The Authority funds its debt service requirements for all FTS Bonds and its administrative expenses from grant money, when available, and personal income taxes collected on its behalf by the State and, under certain circumstances if it were necessary, sales taxes. Sales taxes are only available to the Authority if the amounts of personal income tax revenues fall below statutorily specified debt service coverage levels. No sales tax revenues were received or required during the fiscal years ending June 30, 2011 and 2010. The Authority remits any excess personal income tax not required for its debt service payments and its administrative expenses to the City. The Authority has no taxing power.

On June 30, 2011 and 2010, the Authority had $3.74 billion and $3.15 billion, respectively, of FTS variable rate bonds outstanding, consisting of $.22 billion of Auction Rate Securities (ARSs) and $3.52 billion and $2.93 billion, respectively, of Variable Rate Demand Bonds (VRDBs). The interest rate on the ARSs is established weekly by an auction agent at the lowest clearing rate based upon bids received from broker dealers. The interest rate on the ARSs cannot exceed 12%. In fiscal years 2011 and 2010, the interest rate on the ARSs averaged .49% and .79%, respectively. The VRDBs bear a daily rate, a two-day rate or a weekly rate and represent the lowest rate of interest that would cause the adjustable rate bonds to have a market value equal to the principal amount. The rates cannot exceed 9% on tax exempt bonds and 12% on taxable bonds. In fiscal years 2011 and 2010, the VRDB rates averaged .32% and .23%, respectively, on tax exempt bonds and .39% and .36%, respectively, on taxable bonds.

NOTE 5 – BONDS PAYABLE (continued)

Included in bonds payable on June 30, 2011 and 2010 were $0 million and $0.5 million, respectively, of FTS Bonds that were economically defeased on March 24, 2004, and the escrow deposited with the Authority's Trustee is recorded as an asset. These amounts were funded from the proceeds of the sale of Fiscal 2004 Series D FTS Bonds.

On February 1, 2011, the Authority reoffered $482.49 million of Fiscal 2003 B term bonds as floating rate bonds, thus avoiding the interest rate being converted to 10%. These bonds were subsequently reoffered as fixed rate in August 2011.

On April 25, 2011, the Authority issued $649.43 million, Fiscal 2011 Series E and F FTS Bonds and together with the premium received of $64.8 million, current and advanced refunded $655.33 million of its outstanding FTS Bonds. This refunding resulted in an accounting loss of $37.2 million, which is recorded as deferred bond refunding costs on the statement of net assets (deficit). The Authority in effect reduced the aggregate debt service by $40.3 million and obtained an economic benefit of $31.2 million.

On August 27, 2009, the Authority issued $800 million, Fiscal 2010 Series B FTS Bonds and together with the premium received of $79.6 million and an equity contribution from current revenue of $42.9 million, current and advanced refunded $876.8 million of its outstanding FTS Bonds. This refunding resulted in an accounting loss of $ 30.8 million, which is recorded as deferred bond refunding costs on the statement of net assets (deficit). The Authority in effect reduced the aggregate debt service by $65.9 million and obtained an economic benefit of $56.1 million.

On January 26, 2010, the Authority issued $500 million, Fiscal 2010 Series D and E FTS Bonds and, together with the premium received of $47.2 million and an equity contribution from current revenue of $22.3 million, current and advanced refunded $523.2 million of its outstanding FTS Bonds. This refunding resulted in an accounting loss of $30.6 million, which is recorded as deferred bond refunding costs on the statement of net assets (deficit). The Authority in effect reduced the aggregate debt service by $39.0 million and obtained an economic benefit of $30.1 million.

On June 4, 2010, the Authority issued $399.99 million, Fiscal 2010 Series H and I FTS Bonds and together with premium of $38.87 million and an equity contribution from current revenue of $6.04 million, current and advanced refunded $408.9 million of its outstanding FTS Bonds. This refunding resulted in an accounting loss of $23.3 million, which is recorded as deferred bond refunding costs on the statement of net assets (deficit). The Authority in effect reduced its aggregate debt service by $32.02 million and obtained an economic benefit of $25.11 million.

Bonds economically defeased remain a liability and the escrow deposited with the Authority's Trustee is an asset on the Authority's records. The bonds refunded with Defeasance Collateral have been removed from the financial statements as a liability of the Authority. As of June 30, 2011 and 2010, the Authority had FTS Bonds refunded with Defeasance Collateral totaling $7.76 billion and $7.11 billion, respectively, of which $1.40 billion and $1.49 billion, respectively, are still to be paid from the Defeasance Collateral held in the escrow accounts on deposit with the Authority's escrow Trustee.

NOTE 5 – BONDS PAYABLE (Continued)

Debt service requirements as of June 30, 2011, for FTS Bonds, including Recovery Bonds, payable to their maturity are as follows:

	Senior			Subordinate			
(in thousands)	Principal	Interest (a)	Total	Principal	Interest (a)	Total	Total Debt Service
Year ended June 30,							
2012	$ 218,500	$ 228,387	$ 446,887	$ 372,425	$ 550,713	$ 923,138	$ 1,370,025
2013	253,545	239,088	492,633	539,325	537,771	1,077,096	1,569,729
2014	211,750	227,205	438,955	581,200	518,279	1,099,479	1,538,434
2015	207,645	216,583	424,228	607,930	496,030	1,103,960	1,528,188
2016	153,560	206,560	360,120	700,135	472,188	1,172,323	1,532,443
2017 to 2021	900,370	890,739	1,791,109	3,676,755	1,971,032	5,647,787	7,438,896
2022 to 2026	1,485,255	593,550	2,078,805	2,752,210	1,420,183	4,172,393	6,251,198
2027 to 2031	1,596,085	189,389	1,785,474	1,867,780	939,972	2,807,752	4,593,226
2032 to 2036	189,465	10,408	199,873	1,684,425	501,839	2,186,264	2,386,137
2037 to 2040	–	–	–	1,091,565	101,389	1,192,954	1,192,954
Total	$ 5,216,175	$ 2,801,909	$ 8,018,084	$ 13,873,750	$ 7,509,396	$ 21,383,146	$ 29,401,230

(a) Interest on the callable Fiscal 2003 Series A term bonds which would convert to 14%, on the call date, November 1, 2011, if not called, and interest on the callable Fiscal 2003 Series A capital appreciation bonds which would convert to 14% per annum if not called on its call date, November 1, 2011, are computed in this table at the 14% rates, as if those bonds were not called. The variable interest rates used in this table were .32% on tax-exempt bonds, .36% on taxable bonds and .49% on auction bonds, if variable interest is calculated at 5.00% on tax-exempt and 7.00% on taxable per annum (which are the rates utilized for retention), total interest would be increased to $12.43 billion from the $10.31 billion in the above table.

In addition to the Authority's authorization to issue FTS Bonds, State legislation enacted in April 2006 enables the Authority to have outstanding up to $9.4 billion of Building Aid Revenue Bonds, notes or other obligations (BARBs) for purposes of funding costs of the five-year educational facilities capital plan for the City's school system and certain administrative expenditures. As of June 30, 2011 and 2010, the Authority had $4.73 billion and $4.22 billion, respectively, of BARBs outstanding.

Under this legislation, the BARBs are payable from the State building aid payable by the State and assigned to the Authority by the City. These State aid payments are subject to annual appropriation from the State. In accordance with the legislation and the Indenture, BARB bond holders do not have any right to the personal income tax revenues or sales tax revenues.

On September 10, 2010, the Authority deposited $81.33 million of retained building aid into an escrow account with the Authority's Trustee for the payment of $75.85 million of BARBs due in fiscal year 2013.

NOTE 5 – BONDS PAYABLE (continued)

In fiscal years 2011 and 2010, the changes in BARBs payable were as follows:

(in thousands)	Outstanding Principal Balance at June 30, 2010	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2011	Total Interest Payments FY 11
Tax–exempt Bonds	$ 4,221,155	$ 254,250	$ (65,455)	$ (75,850)	$ 4,334,100	$ 207,838
Build America Bonds	–	295,750	–	–	295,750	–
Qualified School Construction Bonds	–	100,000	–	–	100,000	–
Total BARBs payable	$ 4,221,155	$ 650,000	$ (65,455)	$ (75,850)	$ 4,729,850	$ 207,838

(in thousands)	Outstanding Principal Balance at June 30, 2009	Issued/ Converted	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2010	Total Interest Payments FY 10
Tax–exempt Bonds	$ 4,251,180	$ –	$ (30,025)	$ –	$ 4,221,155	$ 194,790
Total BARBs payable	$ 4,251,180	$ –	$ (30,025)	$ –	$ 4,221,155	$ 194,790

As of June 30, 2011, the interest rates on the Authority's outstanding BARBs fixed rate bonds range from 3.00% to 6.00% on tax-exempt bonds and 4.80% to 7.13% on taxable bonds.

Debt service requirements at June 30, 2011, for BARBs payable to maturity are as follows:

(in thousands)	Principal	Interest	Total
Year ended June 30,			
2012	$ 71,190	$ 237,420	$ 308,610
2013	9,880	238,627	248,507
2014	95,505	237,934	333,439
2015	100,390	234,193	334,583
2016	105,700	230,052	335,752
2017 to 2021	605,475	1,074,614	1,680,089
2022 to 2026	749,660	918,417	1,668,077
2027 to 2031	971,775	684,594	1,656,369
2032 to 2036	1,251,230	398,775	1,650,005
2037 to 2041	769,045	79,749	848,794
Total	$ 4,729,850	$ 4,334,375	$ 9,064,225

NOTE 5 – BONDS PAYABLE (continued)

As of June 30, 2011 and 2010, the Authority maintained its required debt service accounts as follows:

	June 30, 2011		June 30, 2010	
(in thousands)	Principal	Interest	Principal	Interest
Required for FTS	$ 12,155	$ 190,488	$ 37,240	$ 143,164
Required for BARBs	$ 71,190	$ 237,420	$ 65,455	$ 209,305

The Authority held approximately $764.23 million and $370.52 million in excess of amounts required to be retained for FTS Bonds debt service under the Indenture as of June 30, 2011 and 2010, respectively. The Authority held approximately $277.70 million and $250.61 million in excess of amounts required to be retained for BARBs debt service under the Indenture as of June 30, 2011 and 2010, respectively.

NOTE 6 – UNRESTRICTED GRANT FROM THE CITY OF NEW YORK

In fiscal years 2011 and 2010, the Authority received unrestricted grants from the City in the amount of $789.70 million and $370.52 million, respectively. These funds are used to fund debt service requirements for FTS Bonds and administrative expenses during the fiscal years ending June 30, 2012 and 2011, respectively. The City grant is reported as an assigned fund balance in the governmental balance sheet.

NOTE 7 – ADMINISTRATIVE COSTS

The Authority's management fee, overhead and expenditures related to carrying out the Authority's duties, including remarketing and liquidity fees not funded from bond proceeds or investment earnings, are funded from the personal income taxes, building aid revenue and grant revenue.

NOTE 8 – SUBSEQUENT EVENTS

On August 23, 2011, the Authority issued $450 million, Fiscal 2012 Series A FTS Bonds; the tax exempt proceeds were used to refund prior outstanding bonds. The Authority also reoffered $596.1 million of FTS and $74.6 million of FTS recovery bonds.

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